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PCE EXPLORATIONS LIMITED

Annual Report

For the Year Ended January 31, 1965

PCE EXPLORATIONS LIMITED

335 Bay Street
TORONTO 1, ONTARIO

President's Report

Your directors are pleased to present this report, which includes financial statements for the fiscal year ended January 31, 1965.

The Company's major exploration effort in 1964 was concentrated in the Timmins area, following the Texas Gulf Sulphur Company's major copper-zinc-silver discovery.

Twelve claims in three groups were purchased in Wark and Prosser Townships, two to three miles northeast and on strike of the discovery. They were investigated by geophysical surveys and follow-up diamond drilling, but results were inconclusive. Sufficient work has been completed for lease purposes.

Other property acquisitions in the Timmins area include 36 claims in Thorburn Township, 55 claims in Keefer and Denton Townships and 132 claims in three groups in Nursey, Sothman and Semple Townships. The Thorburn claims which were purchased outright were covered by a geophysical survey. No anomalies were found and no further work was done. These claims remain in good standing. The Keefer and Denton claims, of which 23 were optioned and 32 staked, were prospected and one showing was drilled. Nothing of economic interest was found and the claims and option were allowed to lapse.

A field program is planned for 1965 on the Semple, Sothman and Nursey claims. These claims which were staked to cover favourable geological structures and copper-nickel and gold showings will be prospected and covered by geophysical surveys. This work is scheduled to start shortly.

Two properties in the Sudbury area were acquired at the year-end. They are 52 claims in Dryden Township, of which 44 are staked and eight are held under option, and 61 claims in Janes Township, all of which are staked. These claim groups are, respectively, 10 and 35 miles east of Sudbury, and both cover interesting copper-nickel showings in typically favourable Sudbury-type rocks.

Geophysical surveys and diamond drilling this spring failed to indicate commercial values and work was suspended. The most favourable claims geologically are being kept in good standing.

Your Company continues to retain a 5% interest in Dominion Explorers Pine Point Syndicate, and a one-third interest in the Huron Syndicate, both of which were inactive during 1964 and for which no further work is presently planned.

A new company, Pacific (Northern) Gold Mines Limited, was formed after Noranda Mines Limited announced its intent to exercise its purchase option on your Company's original 81 claims adjoining Bralorne Pioneer Mines Limited in British Columbia. PCE Explorations Limited received 750,000 vendors shares in the new 3,000,000-share company. No work on these claims has been announced by Noranda to this time.

Your directors are pleased to report that PCE Explorations Limited has recently joined in a syndicate with Canadian Superior Exploration Limited. PCE Explorations Limited's interest is 45%. Plans are to carry out an extensive exploration program in the Stikine River area of British Columbia this summer. In addition to reconnaissance exploration, detailed examination will be made of 97 claims in four groups staked for PCE near Kennecott Copper Corporation's major copper discovery. Work will include geological, geophysical and geochemical surveys.

Behalf of Superior Oils

On behalf of the Board,

D'ARCY M. DOHERTY,
President.

June 7, 1965.

(absent: sick)

PCE EXPLORATIONS LIMITED

BALANCE SHEET AS AT JANUARY 31, 1965

ASSETS

Current Assets		
Cash		234,703
Investment in Unlisted Mining Company — at cost		164,226
Fixed Assets		
Mining claims — at cost (note 1)		118,415
Other Assets and Deferred Expenditure (note 1)		
Interest in exploration participations	12,937	
Exploration, development and administrative expenses	73,420	86,357
		$ 603,701

LIABILITIES

Current Liability		
Accrued liabilities		12,334

SHAREHOLDERS' EQUITY

Capital Stock (notes 2 and 3)			
Authorized by supplementary letters patent dated April 28, 1964 — 6,000,000 shares of $1 each			
Issued and fully paid —			
3,955,000 shares	3,955,000		
Discount thereon	2,922,641	1,032,359	
Deficit		440,992	591,367
			$ 603,701

Signed on behalf of the Board:

D. M. DOHERTY, Director.

D. G. BANNERMAN, Director.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of PCE Explorations Limited as at January 31, 1965 and the statements of exploration, development and administrative expenses and deficit for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of exploration, development and administrative expenses and deficit present fairly the financial position of the company as at January 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, CURRIE & CO.,
Chartered Accountants.

TORONTO, May 31, 1965.

PCE EXPLORATIONS LIMITED

EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED JANUARY 31, 1965

BALANCE — JANUARY 31, 1964		90,863
Expenditures during the year —		
Taxes, licences and fees	1,455	
Legal and audit	5,010	
Stock exchange and transfer agent's fees	4,933	
Printing	1,278	
Administration charge	1,000	
Salary	240	
Development	65,795	
	79,711	
Less: Interest on deposits	6,291	73,420
		164,283
Less: Amount written off		90,863
BALANCE — JANUARY 31, 1965		$ 73,420

STATEMENT OF DEFICIT FOR THE YEAR ENDED JANUARY 31, 1965

BALANCE — JANUARY 31, 1964		331,928
Investment in exploration participations written off	18,201	
Exploration, development and administrative expenditures in respect of lapsed or disposed of mining claims	90,863	109,064
BALANCE — JANUARY 31, 1965		$ 440,992

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 31, 1965

1. Mining claims are shown at cost to date, and other assets and deferred expenditure are shown at cost to date less amounts written off. The amounts shown are not intended to represent present or future values.

2. During the year the company issued the following shares:

	Number	Par value	Discount	Net
For cash	1,300,000	1,300,000	905,000	395,000
For mining claims	200,000	200,000	170,000	30,000
	1,500,000	$1,500,000	$1,075,000	$ 425,000

3. Subsequent to the date of the balance sheet the company acquired certain mining claims in the Townships of Janes and Dryden for the following consideration:
 (i) $8,000 in cash
 (ii) 200,000 shares of the company's capital stock to be issued at a discount of 70¢ per share as follows:

Date of issue	Number of shares
March 10, 1965	50,000
July 15, 1965	50,000
January 15, 1966	50,000
July 15, 1966	50,000
	200,000